

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY

MERRITT, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

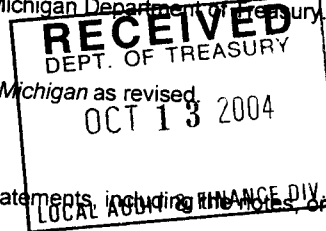
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Enterprise Township	County Missaukee
Audit Date 3/31/04	Opinion Date 8/25/04	Date Accountant Report Submitted to State: September 27, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 9/22/04

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

MARCH 31, 2004

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ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

August 25, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Enterprise Township
Missaukee County
Merritt, Michigan

We have audited the accompanying general-purpose financial statements of Enterprise Township, Missaukee County, Merritt, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Enterprise Township, Missaukee County, Merritt, Michigan as of March 31, 2004, and the cash receipts received and cash disbursements paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>	
		<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
Cash			
Commercial Account		\$ 3,724	\$ 0
Money Market Account		27,761	41,492
Taxes Receivable		10,906	12,162
Land		0	0
Buildings		0	0
Furniture and Equipment		0	0
		<u>0</u>	<u>0</u>
TOTAL ASSETS		<u>\$ 42,391</u>	<u>\$ 53,654</u>
<u>LIABILITIES</u>	<u>LIABILITIES AND EQUITY</u>		
Deferred Revenue		\$ 10,906	\$ 12,162
Payroll Withholdings		29	0
		<u>29</u>	<u>0</u>
Total Liabilities		<u>\$ 10,935</u>	<u>\$ 12,162</u>
<u>EQUITY</u>			
Investment in General Fixed Assets		\$ 0	\$ 0
Balance			
Reserved for Road Maintenance		0	41,492
Unreserved (See Note III.C)		31,456	0
		<u>31,456</u>	<u>0</u>
Total Equity		<u>\$ 31,456</u>	<u>\$ 41,492</u>
TOTAL LIABILITIES AND EQUITY		<u>\$ 42,391</u>	<u>\$ 53,654</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS (MEMORANDUM ONLY)
\$ 73,890	\$ 0	\$ 77,614
0	0	69,253
0	0	23,068
0	201	201
0	450	450
0	12,930	12,930
<u>\$ 73,890</u>	<u>\$ 13,581</u>	<u>\$ 183,516</u>
\$ 0	\$ 0	\$ 23,068
0	0	29
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,097</u>
\$ 0	\$ 13,581	\$ 13,581
0	0	41,492
73,890	0	105,346
<u>\$ 73,890</u>	<u>\$ 13,581</u>	<u>\$ 160,419</u>
<u>\$ 73,890</u>	<u>\$ 13,581</u>	<u>\$ 183,516</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>(MEMORANDUM ONLY)</u>
<u>RECEIPTS</u>			
Taxes	\$ 13,474	\$ 24,046	\$ 37,520
State Grants	13,601	0	13,601
Charges for Services	1,158	0	1,158
Interest and Rents	168	163	331
Other Receipts	1,274	0	1,274
Total Receipts	\$ 29,675	\$ 24,209	\$ 53,884
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 6,828	\$ 0	\$ 6,828
General Government			
Supervisor	3,240	0	3,240
Elections	41	0	41
Assessor	6,933	0	6,933
Clerk	5,347	0	5,347
Board of Review	1,034	0	1,034
Treasurer	8,288	0	8,288
Building and Grounds	3,356	0	3,356
Public Safety	405	12,192	12,597
Public Works	0	1,094	1,094
Other Functions	5,714	0	5,714
Total Disbursements	\$ 41,186	\$ 13,286	\$ 54,472
Excess of Receipts Over (Under) Disbursements	\$ (11,511)	\$ 10,923	\$ (588)
<u>BALANCE - April 1, 2003</u>	42,967	30,569	73,536
<u>BALANCE - March 31, 2004</u>	\$ 31,456	\$ 41,492	\$ 72,948

The accompanying notes are an integral part of these financial statements.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 21,600	\$ 13,474	\$ (8,126)
State Grants	14,000	13,601	(399)
Charges for Services	0	1,158	1,158
Interest and Rents	100	168	68
Other Receipts	3,000	1,274	(1,726)
Total Receipts	\$ 38,700	\$ 29,675	\$ (9,025)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 10,090	\$ 6,828	\$ 3,262
General Government			
Supervisor	3,240	3,240	0
Assessor	7,000	6,933	67
Elections	0	41	(41)
Clerk	5,100	5,347	(247)
Board of Review	1,050	1,034	16
Treasurer	7,325	8,288	(963)
Building and Grounds	3,000	3,356	(356)
Public Safety	540	405	135
Public Works	0	0	0
Other Functions	5,500	5,714	(214)
Total Disbursements	\$ 42,845	\$ 41,186	\$ 1,659
Excess of Receipts Over (Under) Disbursements	\$ (4,145)	\$ (11,511)	\$ (7,366)
<u>BALANCE - April 1, 2003</u>	36,167	42,967	6,800
<u>BALANCE - March 31, 2004</u>	\$ 32,022	\$ 31,456	\$ (566)

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

SPECIAL REVENUE FUND TYPES

BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 33,200	\$ 24,046	\$ (9,154)
0	0	0
0	0	0
100	163	63
0	0	0
<u>\$ 33,300</u>	<u>\$ 24,209</u>	<u>\$ (9,091)</u>
\$ 0	\$ 0	\$ 0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
16,600	12,192	4,408
35,000	1,094	33,906
0	0	0
<u>\$ 51,600</u>	<u>\$ 13,286</u>	<u>\$ 38,314</u>
\$ (18,300)	\$ 10,923	\$ 29,223
59,777	30,569	(29,208)
<u>\$ 41,477</u>	<u>\$ 41,492</u>	<u>\$ 15</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Enterprise Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township has adopted an investment policy which allows the Township Treasurer to invest funds as follows:

In certificates of deposit, savings accounts, or deposit accounts, of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union meet all criteria as a depository of public funds contained in state law.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liability is for unremitted payroll tax withholdings.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

This presentation of financial statements requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 10, 2003, or as amended from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$146,867 and the bank balance was \$146,867 of which \$146,867 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

The carrying amount of the Township's deposits and investments at year-end is shown below:

	GENERAL FUND	ROAD FUND	CURRENT TAX COLLECTION FUND
Chemical Bank North			
Grayling, Michigan			
Commercial Account	\$ 3,724	\$ 0	\$ 73,890
Money Market Account	27,761	41,492	0
TOTAL	<u>\$ 31,485</u>	<u>\$ 41,492</u>	<u>\$ 73,890</u>

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 201	\$ 0	\$ 0	\$ 201
Buildings	450	0	0	450
Furniture and Equipment	12,431	499	0	12,930
TOTAL	<u>\$ 13,082</u>	<u>\$ 499</u>	<u>\$ 0</u>	<u>\$ 13,581</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Current Tax Collection Fund Balance

The balance of \$73,890 remaining in the current tax collection fund at March 31, 2004, consisted of current tax collections, property tax administration fees and other items which were transferred to other governments and funds after year-end as follows:

Enterprise Township	
General Fund	\$ 12,546
Fire Fund	3,847
Road Fund	4,217
Houghton Lake Community Schools	41,120
Lake City Area Schools	1,085
COOR Intermediate	2,537
Wexford Missaukee Intermediate	311
Kirtland Community College	6,543
Houghton Lake Public Library	1,669
Refunds to Taxpayers for Overcollections	15
	<u>\$ 73,890</u>

D. Fire Fund

The Fire Fund as reported in these financial statements shows the transactions of the township fire fund as they would have occurred if all fire monies received for current and delinquent taxes were sent to the fire fund before being sent to the Merritt Area Fire Department. The payments are being sent to the Merritt Area Fire Department directly from the Current Tax Fund and from the General Fund due to the substantial savings of time and bookkeeping procedures.

E. Property Tax Administration Fee

The Township passed a resolution to charge a 1% administration fee on all ad valorem taxes levied. Also a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 1.3588 mills for general operating purposes on a taxable value of \$11,589,855. In addition, the Township levied 1.4878 mills for road improvements and 1.4878 mills for fire protection.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 28, before they are added to the County tax rolls. Property taxes levied December 1, are recognized as income in the year in which they are collected and paid out of the tax collection fund.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	<u>INTEREST</u>	
	<u>INCOME</u>	<u>EXPENSE</u>
General Fund	\$ 168	\$ 0
Road Fund	163	0
TOTAL	<u>\$ 331</u>	<u>\$ 0</u>

C. Joint Fire District

The Township is a member of the Merritt Area Fire Department. The Fire Department is a joint venture of Enterprise and Butterfield Township created to provide fire protection for the member townships. As stated in NOTE IV (A), Enterprise Township levies 1.4878 mills to support the Fire Department.

The following financial information was taken from the Fire Department's March 31, 2004 audited financial statements:

Total Assets and Other Debits	\$ 981,328
Investment in Fixed Assets	914,368
Balance - Unreserved	66,835
General Long-Term Debt	0
Total Receipts	127,935
Total Disbursements	133,877
Net Increase (Decrease) in Fund Balance	(5,942)

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

A copy of audited financial statements for the Fire Department may be obtained upon request from the Fire Department treasurer.

D. Retirement Plan

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc., which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18.

The formula for determining contributions is based on an employee's annual compensation. Annual compensation is based on compensation which coincides with the calendar year coinciding with or ending within the plan year. Plan year is October 10th to October 9th of the following year. The Township has elected to contribute 12% of compensation to the plan annually.

Township contributions to the plan for 2003-04 plan year amounted to \$1,630. In addition, the Township paid an administrative fee of \$185.

Total wages for those covered under the plan was \$13,580 and total wages for all employees including non-covered payroll was \$14,735.

E. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disaster, and worker's compensation claims. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessment being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including worker's compensation insurance and fidelity bonds.

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	
Money Market Account	\$ 3,724
Taxes Receivable	27,761
	<u>10,906</u>
TOTAL ASSETS	\$ <u>42,391</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 10,906
Payroll Withholdings	<u>29</u>
Total Liabilities	\$ 10,935

EQUITY

Balance	
Unreserved	<u>31,456</u>
TOTAL LIABILITIES AND EQUITY	\$ <u>42,391</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 21,600	\$ 13,474	\$ (8,126)
State Grants	14,000	13,601	(399)
Charges for Services	0	1,158	1,158
Interest and Rents	100	168	68
Other Receipts	3,000	1,274	(1,726)
Total Receipts	\$ 38,700	\$ 29,675	\$ (9,025)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 10,090	\$ 6,828	\$ 3,262
General Government			
Supervisor	3,240	3,240	0
Elections	0	41	(41)
Assessor	7,000	6,933	67
Clerk	5,100	5,347	(247)
Board of Review	1,050	1,034	16
Treasurer	7,325	8,288	(963)
Building and Grounds	3,000	3,356	(356)
Public Safety	540	405	135
Other Functions	5,500	5,714	(214)
Total Disbursements	\$ 42,845	\$ 41,186	\$ 1,659
Excess of Receipts Over (Under) Disbursements	\$ (4,145)	\$ (11,511)	\$ (7,366)
<u>BALANCE - April 1, 2003</u>	36,167	42,967	6,800
<u>BALANCE - March 31, 2004</u>	\$ 32,022	\$ 31,456	\$ (566)

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 4,856
Delinquent Property Taxes	979
Property Tax Administration Fee	216
Payments in Lieu of Tax	
Swamp Tax	6,370
Summer Tax Collection Fee - State	1,053
	<hr/>

Total Taxes

\$ 13,474

STATE GRANTS

State Revenue Sharing
Sales and Use Tax

13,601

CHARGES FOR SERVICES

Gravel Fees	926
Lane Division Fees	232
	<hr/>

Total Charges for Services

1,158

INTEREST AND RENTS

Interest Earnings

168

OTHER RECEIPTS

Miscellaneous

1,274

TOTAL CASH RECEIPTS

\$ 29,675

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 1,440

Other Services and Charges

Professional Services

4,643

Dues and Fees

246

Capital Outlay

Equipment

499

Total Legislative

\$ 6,828

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 3,000

Salaries and Wages - Deputy

240

\$ 3,240

Elections

Supplies

Office Supplies

41

Assessor

Supplies

Office Supplies

\$ 933

Other Services and Charges

Contracted Services

6,000

6,933

Clerk

Personal Services

Salaries and Wages

\$ 4,000

Salaries and Wages - Deputy

600

Supplies

Office Supplies

747

5,347

Board of Review

Personal Services

Salaries and Wages

\$ 824

Other Services and Charges

Education and Training

210

1,034

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Treasurer			
Personal Services			
Salaries and Wages	\$	4,000	
Salaries and Wages - Deputy		300	
Supplies			
Office Supplies		676	
Other Services and Charges			
Contracted Services		3,312	8,288
Building and Grounds			
Other Services and Charges			
Contracted Services	\$	660	
Public Utilities		2,696	3,356
Total General Government			28,239
<u>PUBLIC SAFETY</u>			
Fire Protection			
Personal Services			
Salaries and Wages			405
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds		\$	2,751
Employee Benefits			
Pension Contribution	\$	1,815	
Medicare and Social Security		288	
Workers Compensation		860	
Total Employee Benefits			2,963
Total Other Functions			5,714
TOTAL DISBURSEMENTS			\$ <u>41,186</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

	<u>ASSETS</u>	<u>FIRE FUND</u>	<u>ROAD FUND</u>	<u>TOTAL</u>
Cash				
Money Market Account		\$ 0	\$ 41,492	\$ 41,492
Taxes Receivable		6,081	6,081	12,162
TOTAL ASSETS		\$ 6,081	\$ 47,573	\$ 53,654
	<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>				
Deferred Revenue		\$ 6,081	\$ 6,081	\$ 12,162
<u>EQUITY</u>				
Balance				
Reserved for Road Maintenance		0	41,492	41,492
TOTAL LIABILITIES AND EQUITY		\$ 6,081	\$ 47,573	\$ 53,654

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	FIRE FUND	ROAD FUND	TOTAL
<u>RECEIPTS</u>			
Taxes	\$ 12,192	\$ 11,854	\$ 24,046
Interest and Rents	0	163	163
Total Receipts	\$ 12,192	\$ 12,017	\$ 24,209
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Department	\$ 12,192	\$ 0	\$ 12,192
Public Works			
Road Improvement	0	1,094	1,094
Total Disbursements	\$ 12,192	\$ 1,094	\$ 13,286
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 10,923	\$ 10,923
<u>BALANCE - April 1, 2003</u>	0	30,569	30,569
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 41,492	\$ 41,492

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

FIRE FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Taxes Receivable

\$ 6,081

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue

\$ 6,081

EQUITY

Balance

Unreserved

0

TOTAL LIABILITIES AND EQUITY

\$ 6,081

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

FIRE FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 16,600	\$ 11,161	\$ (5,439)
Delinquent Property Taxes Including Interest	0	1,031	1,031
Total Receipts	\$ 16,600	\$ 12,192	\$ (4,408)
<u>DISBURSEMENTS</u>			
Public Safety			
Fire Department			
Aid to Other Government	16,600	12,192	4,408
Excess of Receipts Over (Under) Disbursements	\$ 0	\$ 0	\$ 0
<u>BALANCE - April 1, 2003</u>	0	0	0
<u>BALANCE - March 31, 2004</u>	\$ 0	\$ 0	\$ 0

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	
Taxes Receivable	\$ 41,492
	<u>6,081</u>
TOTAL ASSETS	\$ <u><u>47,573</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 6,081
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EQUITY

Balance	
Reserved for Road Maintenance	<u>41,492</u>

TOTAL LIABILITIES AND EQUITY	\$ <u><u>47,573</u></u>
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ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

ROAD FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 16,600	\$ 11,161	\$ (5,439)
Delinquent Property Taxes	0	693	693
Interest and Rents			
Interest Earnings	100	163	63
Total Receipts	\$ 16,700	\$ 12,017	\$ (4,683)
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Property Tax Chargebacks	\$ 0	\$ 617	\$ (617)
Maintenance - Road Improvement	35,000	477	34,523
Total Disbursements	\$ 35,000	\$ 1,094	\$ 33,906
Excess of Receipts Over (Under) Disbursements	\$ (18,300)	\$ 10,923	\$ 29,223
<u>BALANCE - April 1, 2003</u>	59,777	30,569	(29,208)
<u>BALANCE - March 31, 2004</u>	\$ 41,477	\$ 41,492	\$ 15

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash
Commercial Account

\$ 73,890

EQUITY

Balance
Unreserved (See Note III.C)

\$ 73,890

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 335,412
Delinquent Tax Collections and Interest	3,811
Property Tax Administration Fees	3,540
Dog License Fees	15
Overpayments From Taxpayers	436
	<hr/>

Total Receipts

\$ 343,214

DISBURSEMENTS

Payments to County Treasurer		
Current Tax		
County	\$ 69,892	
County - State Education Tax	56,557	
Delinquent Tax and Interest		
County	882	
Dog License Fees	15	
	<hr/>	
Payments to Township Treasurer		\$ 127,346
Current Tax		
Operating	\$ 4,856	
Fire	11,161	
Roads	11,161	
Delinquent Tax and Interest		
Operating	979	
Fire	1,031	
Roads	693	
Property Tax Administration Fee	216	
	<hr/>	
Payments to School Treasurer		30,097
Current Tax		
Houghton Lake Community Schools	\$ 77,605	
Lake City Area Schools	3,335	
Delinquent Tax and Interest		
Houghton Lake Community Schools	469	
	<hr/>	
		81,409

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN BALANCE

FOR THE YEAR ENDED MARCH 31, 2004

Payments to Intermediate School Treasurer			
Current Tax			
COOR Intermediate	\$	6,531	
Wexford - Missaukee Intermediate		2,027	
Delinquent Tax and Interest			
COOR Intermediate		24	8,582
Payments to College Treasurer			
Kirtland Community College			
Current Tax			
Delinquent Tax and Interest	\$	17,102	
Payments to Library Treasurer		62	17,164
Houghton Lake Public Library			
Current Tax			
Delinquent Tax and Interest	\$	4,298	
		16	4,314
Refunds to Taxpayers for Overcollections			436
Total Disbursements			<u>269,348</u>
Excess of Receipts Over (Under)			
Disbursements			\$ 73,866
<u>BALANCE</u> - April 1, 2003			<u>24</u>
<u>BALANCE</u> - March 31, 2004			\$ <u><u>73,890</u></u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 201	\$ 0	\$ 0	\$ 201
Buildings	450	0	0	450
Furniture and Equipment	12,431	499	0	12,930
	<u>\$ 13,082</u>	<u>\$ 499</u>	<u>\$ 0</u>	<u>\$ 13,581</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 13,082</u>	<u>\$ 499</u>	<u>\$ 0</u>	<u>\$ 13,581</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County		
County - State Education Tax	\$	78,433
Township		58,008
Operating		15,762
Fire		17,259
Roads		17,259
Schools		
Houghton Lake Community Schools		125,285
Lake City Area Schools		4,420
Intermediate School		
COOR Intermediate		10,221
Wexford-Missaukee Intermediate		2,338
College		
Kirtland Community College		26,592
Library		
Houghton Lake Public Library		6,726
		<u>6,726</u>
	\$	362,303

TAXES COLLECTED

County		
County - State Education Tax	\$	69,892
Township		56,557
Operating		14,044
Fire		15,378
Roads		15,378
Schools		
Houghton Lake Community Schools		118,725
Lake City Area Schools		4,420
Intermediate School		
COOR Intermediate		9,068
Wexford-Missaukee Intermediate		2,338
College		
Kirtland Community College		23,645
Library		
Houghton Lake Public Library		5,967
		<u>5,967</u>
		<u>335,412</u>

ENTERPRISE TOWNSHIP, MISSAUKEE COUNTY
MERRITT, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County	\$	8,541	
County - State Education Tax		1,451	
Township			
Operating		1,718	
Fire		1,881	
Roads		1,881	
Schools			
Houghton Lake Community Schools		6,560	
Lake City Area Schools		0	
Intermediate School			
COOR Intermediate		1,153	
Wexford-Missaukee		0	
College			
Kirtland Community College		2,947	
Library			
Houghton Lake Public Library		759	
			\$ <u>26,891</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

August 25, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Enterprise Township
Missaukee County
Merritt, Michigan

As a result of our audit of the general-purpose financial statements of Enterprise Township for the year ended March 31, 2004, we would like to note the following:

Current Tax Collection

As of March 31, 2004, a balance remained in the current tax collection fund. We recommend that any balance remaining in the current tax collection fund be paid to the appropriate units or be transferred to the General Fund or Road Fund prior to the end of the fiscal year. Also, the Township should review its payments to the Merritt Area Fire Department for accuracy.

Property Tax Administration Fee

As reported in Note III.E of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

Budget

The cash disbursements for certain activities in the General Fund exceeded the budget. In the future, the budget should be amended before disbursements are made which exceed budgeted amounts. All budget amendments should be a resolution of the board and recorded in the minutes including the budget line being decreased such as another expense account or ending fund balance.

Reconciliation of Clerk and Treasurer Ledgers

It does not appear that the clerk and treasurer are reconciling their ledger balance with each other on a monthly basis. We recommend the clerk compare her ledger balance to the treasurer's ledger balance on a monthly basis and correct any differences. Also, the clerk should only maintain one set of official township records which should include the breakdown by category of receipts and disbursements. Additionally, the treasurer should complete a bank reconciliation each month for each account, a copy of which should become an integral part of the treasurer's records.

GASB 34

The Governmental Accounting Standards Board (GASB) has issued statement number 34 which will become effective for the Township for the year ending March 31, 2005. We are available to assist the Township in determining the effect this new pronouncement will have on the Township as well as what the Michigan Department of Treasury will require of the Township related to GASB 34.

Payroll Tax Reporting

During our audit we noted that it appeared as though the Township did not file or pay its payroll tax returns with the IRS until January 2004 for 2003. This resulted in a small penalty from the IRS related to these delinquent returns. We also did not see where the first quarter 2004 Form 941 was filed on time. We recommend that the Township comply with all filing requirements in the future.

Accounting System

Currently the Township uses a combination of three different ledgers to comprise its general ledger system. This causes difficulty in reconciling the township records and balancing all accounts. We recommend that the Township use one general ledger system and we are available to assist the Township with this if needed.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

Baird, Cotter & Bishop, P.C.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.

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JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

August 25, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Enterprise Township
Missaukee County
Merritt, Michigan

In planning and performing our audit of the general-purpose financial statements of Enterprise Township, Missaukee County, Merritt, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

Baird, Cotter & Bishop, P.C.

BAIRD, COTTER AND BISHOP, P.C